

**Washington State Auditor's Office**  
**Accountability Audit Report**

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**Public Utility District No. 1 of Clark  
County**

Audit Period  
January 1, 2003 through December 31, 2003

**Report No. 67560**

Issue Date  
**November 19, 2004**



Washington  
***State Auditor***  
Brian Sonntag

# Audit Summary

## **Public Utility District No. 1 of Clark County January 1, 2003 through December 31, 2003**

### ***ABOUT THE AUDIT***

This report contains the results of our independent accountability audit of Public Utility District No. 1 of Clark County for the period January 1, 2003, through December 31, 2003.

We performed audit procedures to determine whether the District complied with state laws and regulations and its own policies and procedures. Our work focused on specific areas that have potential for abuse and misuse of public resources.

### ***RESULTS***

In the areas we examined, we found the District complied with state and local regulations and its own policies and procedures.

### ***RELATED REPORTS***

Our opinion on the District's financial statements and compliance with federal program requirements is included in a separate report, which includes the District's financial statements.

### ***CLOSING REMARKS***

We appreciate the assistance and cooperation of the District staff during the course of our audit and look forward to continuing our professional working relationship.

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# Description of the District

## Public Utility District No. 1 of Clark County January 1, 2003 through December 31, 2003

### ***ABOUT THE DISTRICT***

Public Utility District No. 1 of Clark County was formed in 1938 and is governed by a three-member, elected Board of Commissioners. Management of the District is appointed by and is accountable to the Board. Fiscal responsibility, including budget authority, the power to set fees, levy property taxes and issue debt consistent with provisions of the state laws, rests with the Board.

The District operates on a \$422,537,000 budget. The District's 330 employees provide 372,300 citizens of Clark County with electric, water and sewer services.

### ***AUDIT HISTORY***

We audit the District annually. The past four audits of the District have reported areas of concern. The 1998 audit contained a finding involving the appliance repair service offered by the District. The District offers appliance repair services to its utility customers for stoves, furnaces, heat pumps, water heaters and other electrical appliances. A 1998 Attorney General Opinion stated that utility districts do not have the legal authority to repair appliances they do not sell or lease. The PUD disagrees with this Opinion and is waiting on the Washington Supreme Court to review its case.

### ***ELECTED OFFICIALS***

These officials served during the audit period:

#### Board of Commissioners:

District One

District Two

District Three

Carol J. Curtis

Nancy E. Barnes

Byron H. Hanke

### ***APPOINTED OFFICIALS***

Chief Executive Officer/General Manager

Auditor

Director of Communications & Customer  
Services

Director of Energy Resources

Director of Finance/Treasurer

Director of Operations

Director of Water Services

Director of Engineering

Director of Information Services

Wayne W. Nelson

Robert D. Gentry

Mathew P. McCudden

James L. Sanders, PE

Richard A. Dyer, Jr. CPA

F. Andrew Huck

Douglas A. Quinn, PE

Larry N. Bekkedahl

Janet M. Gourlie

## ***ADDRESS***

District

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P.O. Box 8900  
Vancouver, WA 98668  
(360) 992-3000  
e-mail: [mailbox@clarkpud.com](mailto:mailbox@clarkpud.com)

# Audit Areas Examined

## Public Utility District No. 1 of Clark County January 1, 2003 through December 31, 2003

In keeping with general auditing practices, we do not examine every portion of Public Utility District No. 1 of Clark County's financial activities during each audit. The areas examined were those representing the highest risk of noncompliance, misappropriation or misuse. Other areas are audited on a rotating basis over the course of several years. The following areas of the District were examined during this audit period:

### **ACCOUNTABILITY FOR PUBLIC RESOURCES**

We evaluated the District's accountability in the following areas:

- Collections/billings
- Remittance center
- Cash receipting
- Maintenance operations inventory
- Payroll
- Disbursements

### **LEGAL COMPLIANCE**

We audited the following areas for compliance with certain applicable state and local laws and regulations:

- Conflict of interest laws
- Open public meetings act
- Competitive bid law compliance
- Bond covenants

### **FEDERAL PROGRAMS**

We evaluated internal controls and tested compliance with federal program requirements, as applicable, for the District's major federal program, which is listed in the Federal Summary section of the financial statement and single audit report.

### **FINANCIAL AREAS**

Our opinion on the District's financial statements is provided in a separate report. That report includes the District's financial statements and other required financial information. We examined the financial activity and balances of the District including:

- Cash and investments
- Revenues
- Expenditures
- Long-term debt
- Overall presentation of the financial statements